

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 DODE-00 PM-04 H-02 L-03 PA-01 PRS-01 IO-11

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R 110927Z MAR 76

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 9497

INFO AMEMBASSY SEOUL

AMEMBASSY TOKYO

AMEMBASSY TAIPEI

AMEMBASSY MANILA

AMEMBASSY JAKARTA

AMEMBASSY SYDNEY

AMEMBASSY VIENTIANE

AMEMBASSY SINGAPORE

AMEMBASSY BANGKOK

ACONSUL NAHA 185-186

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E.O. 11652: NA

TAGS: BEXP, XC

SUBJECT: APCAC CONFERENCE IN HONG KONG

SUMMARY: WELL-ATTENDED WEEKEND APCAC CONFERENCE IN HONG KONG
MARCH 6-8 COVERED WIDE RANGE OF BUSINESS INTERESTS SUBJECTS,
BUT CONFERENCE WAS HELD TOO SOON AFTER NOVEMBER SEOUL CONFERENCE
TO PRODUCE BOLD INITIATIVES. ISSUES HOTLY DEBATED INCLUDED
BUSINESS MISCONDUCT ABROAD, RELATIONS WITH USG, TAXATION OF
FOREIGN SOURCE INCOME OF BUSINESSMEN, ROLE OF MULTINATIONAL
CORPORATIONS, AND DEFENSE OF KOREA'S BALANCE OF PAYMENTS.

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COMMUNIQUE OF AGREED POINTS CONTAINED NO SURPRISES AND, WITH

FREQUENT REFERENCES TO STATE DEPARTMENT, REFLECTED GROWING
INTERLOCK OF US BUSINESS AND USG INTERESTS IN ASIAN-PACIFIC

1. BUSINESSMEN ATTENDANCE

RECORD ATTENDANCE OF 150 BUSINESSMEN REFLECTED GROWING
IMPORTANCE ATTACHED TO ASIAN PACIFIC COUNCIL OF AMERICAN
CHAMBER (APCAC) BY AMCHAMS. ALTHOUGH HONG KONG PROVIDED
SUBSTANTIAL PORTION OF TOTAL, EIGHT OTHER CHAMBERS AND
SINGAPORE COUNCIL WERE ALSO WELL-REPRESENTED. INDONESIA
FAILED TO SHOW.

2. USG ATTENDANCE

DEPARTMENT WAS WELL-REPRESENTED WITH EA DEPUTY ASST.
SECRETARY ROBERT MILLER AND CONSUL GENERAL CROSS ATTENDING
SATURDAY SESSIONS. CONSUL GENERAL READ PERSONAL MESSAGE
FROM ASST. SECRETARY HABIB AND DEPUTY ASST. SECRETARY'S
MAJOR SPEECH AT CROWDED LUNCHEON MEETING ON SUBJECT "US
POLICY IN SOUTHEAST ASIA AFTER VIETNAM" WAS WELL-RECEIVED
BY DELEGATES WHO REFERRED TO IT IN SUBSEQUENT DISCUSSIONS.
CONGEN DEPUTY PRINCIPLE OFFICER WAS IN ATTENDANCE THROUGHOUT
ENTIRE CONFERENCE FROM FRIDAY ORGANIZATIONAL MEETING TO
MONDAY AFTERNOON PRESS CONFERENCE. SEVERAL OTHER MEMBERS
CONGEN STAFF ATTENDED FROM TIME TO TIME. US DIRECTOR ADB
AND AID SPECIAL ASST. FOR THE PRIVATE SECTOR ALSO ATTENDED
THROUGHOUT. COMMERCE LOS ANGELES FIELD OFFICE DIRECTOR
ARRIVED SECOND DAY AND ATTENDED OCCASIONALLY.

3. CONFERENCE PROCEDURES

AS FIRST GOVERNMENT HEAD TO ADDRESS APCAC, HONG KONG
GOVERNOR, SIR MURRAY MACLEHOUSE, GOT CONFERENCE OFF TO
FLYING START WITH ADDRESS OF WELCOME WHICH UNDERLINED
IMPORTANCE OF US/HONG KONG ECONOMIC CONNECTION AND GAVE
FULL PRAISE TO AMERICAN CHAMBER'S CONTRIBUTION TO HONG KONG
DEVELOPMENT. DURING FOLLOWING TWO DAYS, APCAC CHAIRMAN
BEEBY (FROM TOKYO) DID HIS BEST TO FOCUS DISCUSSION ON
INTENDED AGENDA, BUT UNEVEN ATTENTION OF DELEGATES, OFF-FLOOR
CAUCUSING, FULL DEMOCRATIC DISCUSSION OF HOT ISSUES, AND
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CONSTANT INTRODUCTION OF NEW TOPICS AND EXTRANEIOUS PAPERS
CAUSED INEVITABLE CONFUSION. NEVERTHELESS, DELEGATES WERE
GENERALLY SATISFIED THEY HAD OPPORTUNITY TO SPEAK THEIR
MINDS IN EFFORT TO ESTABLISH COMMON APPROACH ON BUSINESS-
IMPORTANT ISSUES.

4. BUSINESS ON THE DEFENSIVE

NOT UNEXPECTEDLY, MOST CONFERENCE TIME WAS SPENT IN EMBARRASSED AND EMOTIONAL CONSIDERATION OF ISSUE OF CORRUPT BUSINESS PRATICES. AT ONE POINT, IN SEARCH OF A POSITION, DELEGATES WERE POLLED ON BRIBERY. ALTHOUGH ONLY HALF RESPONDED ONE-THIRD OF THESE ADMITTED TO IRREGULAR PAYMENTS, AND BOTH FACT OF POLL AND RESULTS WERE STRICKEN FROM THE RECORD. FRUSTRATED, AND KNOWING THEY MUST PUBLICLY FACE THE SUBJECT, DELEGATES WERE GRATEFUL FOR DEPARTMENT-SUPPORTED INFORMATION ON DEPUTY SECRETARY INGRESOLL'S CALL FOR A MULTILATERAL APPROACH WHICH THEY ALSO ADOPED. OTHER RESOLUTIONS ON RELATED ISSUES INCLUDED A PROGRAM FOR PROMOTING THE IMAGE OF INTERNATIONAL BUSINESS, APPLAUSE FOR USG-BUSINESS EFFORTS TO ACHIEVE REASONABLE OECD GUIDLINES ON MCN BEHAVIOR, AND A DEFENSE ON MNC CONTRIBUTIONS TO LDCS WHICH DREW INSPIRATION FROM AMBASSADOR MOYNIHAN'S QUOTED REMARKS.

5. ADVICE TO USG

ALTHOUGH SOME BUSINESS DELEGATES GAVE EVIDENCE OF CONTINUING DISTRUST OF US BUREAUCRACY, GENERAL TONE OF MEETING WAS THAT USG AND BUSINESS HAVE COMMON AREA INTRESTS, THAT THEY MUST COORDINATE IN PURSUIT OF THESE INTRESTS, AND THAT STATE DEPARTMENT IS PRINCIPLE INSTRUMENT FOR ACHIEVEING BUSINESS PURPOSES WITH USG. MOST DELEGATES SAW IMPROVING RELATIONSHIP BETWEEN FOREIGN SERVICE POSTS AND AMCHAMS WITH HONG KONG RECIEVING MOST PRAISE. THERE WAS DISCUSSIONS ON FLOOR AND IN CORRIDORS ABOUT UNEXPECTEDLY SHORT EXPOSURE APCAC HAD OBTAINED AT HONOLULU CHIEF OF MISSIONS CONFERENCE, BUT RESOLUTION ON AMCHAM/EMBASSY/STATE RELATIONS ASKS ALL THREE TO WORK TOWARDS ACHIEVMENT OF MUTUAL OBJECTIVES. OLD TURKEY ABOUT THE FORMATION OF A NEW DEPARTMENT OF INTER-NATIONAL ECONOMIC POLICY AND OPERATION SURVIVED INCREASING CRITICISM AND MANAGED TO REACH THE COMMUNIQUE, BUT WAS LISTED LIMITED OFFICIAL USE

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AS ONE POSSIBLE ELEMENT OF STRENGTHENED USG ECONOMIC PLANNING ALONG WITH ELIMINATION OF OVERLAPPING JURISDICTIONS AND A BEEFED-UP COUNCIL OF INTERNATIONAL ECONOMIC PLANNING. QUOTING THE PRESIDENT'S HONOLULU DECLARATION ON THE ECONOMIC IMPORTANCE OF EAST ASIA, A RATHER VAGUE RESOLUTION(INSPIRED BY TAIPEI AMCHAM) ASKED THE DEPARTMENT TO INSTRUCT POSTS TO WORK WITH AMCHAMS IN DEVELOPING "COMMERCIAL ACTION PROGRAMS."

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6. USG ASSISTANCE SOUGHT

NOTHING SPREADING AMERICAN TENDENCY TO WITHDRAW INTO AN "ISOLATIONIST CACoon," A RESOLUTION ASKS FOR STRENGTHENING OF AMERICAN COMMERCIAL AND POLITICAL INTREST IN THE FAR EAST THROUGH USG SUPPORT OF LEGISLATION TO STIMULATE US TRADE AND INVESTMENT. SPECIFIC ACTION IS SOUGHT ON DELEGATION OF THE SECTIONS OF THE TRADE ACT WHICH DENY MFN TREATMENT TO COUNTIRES (COMMUNIST COUNTIRES) WHICH INHIBIT EMIGRATION. A RESOLUTION ASKS FOR THE RETENTION OF TRADE CENTERS (UNDER OMB ATTACK) AND THE ESTABLISHMENT OF ADDITIONAL CENTERS. THE LIMITED OFFICIAL USE

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STATE DEPARTMENT IS CALLED UPON TO FORCEFULLY REPRESENT THE INTRESTS OF AMERICAN BUSINESS BEFORE THE EXECUTIVE AND

LEGISLATIVE BRACCHES. THERE WAS AGREEMENT TO CONTINUE TO FIGHT FOR THE EARNED INCOME (ABROAD) TAX EXEMPTION WHILE SEEKING DEPARTMENT SUPPORT FOR THE CONTINUATION OF TAX-CONCESSIONS WHICH WOULD INSURE THE MAINTANCE OF A STRONG US BUSINESS PRESENCE OVERSEAS. FORIEGN SERVICE POSTS ARE TO BE CONTACTED BY THE LOCAL AMCHAMS TO ENLIST THEIR SUPPORT IN AN ENLARGED PROGRAM OF MAJOR PROJECT REPORTING WITHIN APCAC.

7. TRADE WITH INDOCHINA

AFTER MUCH DISCUSSION, A MILD BUT MUDDLED RESOLUTION ASKS FOR FUTHER DEVELOPMENT OF RELATIONS ON A RECIPROCAL BASIS AND THE LIFTING OF RESTRICTIONS ON TRAVEL BY US CITIZENS IN INDOCHINA. DABATE ON THE ISSUE CAUSED CONFUSION OVER THE DISTINCTION BETWEEN THE DESIRABLE AND POSSIBLE RELATIONS WITH THE VARIOUS STATES IN INDOCHINA. THE VIETNIANE CHAMBER REP WAS UNABLE TO CARRY A RESOLUTION ASKING THAT NO RESTRICTIONS BE PLACED ON CONTINUING US TRADE WITH LAOS BECAUSE HE WAS UNABLE TO EXPLAIN LAOS' EXCLUSION FROM THE GSP.

8. KOREA'S BALANCE OF PAYMENTS

A SPECIFIC RESOLUTION REFERRING TO THE ECONOMIC SITUATION OF A HOST COUNTRY IS NEW FOR APCAC, BUT THE KOREAN CHAMBER (LED BY FNCB OFFICER) WAS ADAMANT THAT APCAC MUST CORRECT MISIMPRESSIONS OF THE KOREAN BALANCE OF PAYMENTS SPREAD BY MISLEADING NEW REPORTS. SUGGESTION BY OTHER DELEGATES THAT APCAC SIMPLY NOTE THE KOREAN CHAMBER'S REPORT WAS BRUSHED ASIDE. THE FINAL RESOLUTION, WHICH WILL MAKE HEROS OUT OF THE KOREAN CHAMBER, HAS APCAC FINDING THE REPORTS GROSSLY EXAGGERATED, KOREA ABLT TO SERVICE ITS DEBT, AND THE COUNTRY POSITIONED FOR SOUND ECONOMIC GROWTH.

9. US/ROC/PRC RELATIONS

A PROPOSED APCAC RESOLUTION REAFFIRMING THE NEED TO PROTECT THE US BUSINESS POSITION IN TAIWAN AGAINST HARM FROM THE PROCESS OF US/PRC NORMALIZATION DID NOT METERALIZE. THE LIMITED OFFICIAL USE

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TAIPEI CHAMBER CONCENTRATED ON A RESOLUTION WHICH WOULD URGE THE USG TO OPPOSE ANY POLITICAL MOTIVATED EFFORT TO " JEAPORDIZE FREE COMMUNICATIONS BY SATELLITE." THE PURPOSE, THEY EXPLAINED, WAS TO AVOID THE PRC EJECTION THE ROC FROM INTELSAT AND THEN CUTTING THE ROC OFF FROM SATELLITE USE. IN RESPONSE TO INSTRUCTIONS, THE DEPARTMENT REP URGED THAT THE BEST WAY FOR APCAC TO HEAD OFF THIS UNLIKELY DEVELOPMENT WAS FOR APCAC TO WRITE A LETTER TO THE SECRETARY OF STATE URGING USG RESISTANCE TO ANY MOVEMENT IN THIS

DIRECTION. THE TAIPEI CHAMBER AGREED TO THIS COURSE WHILE
RESERVING THE RIGHT TO SEEK FUTHER ACTION THROUGH APCAC
SHOULD STATE PROVE IRRESOLUTE OR INEFFECTIVE IN THIS REGARD.

CONCLUSION

IF THERE WERE NOT AN APCAC, IT WOULD HAVE TO BE INVENTED.
THE AMERICAN BUSINESS COMMUNITY IN THE ASIAN-PACIFIC AREA
HAS CERTAIN COMMON INTRESTS AND NEEDS A MECHANISM WHICH WILL
GIVE IT A COMMON VOICE TO SPEAK OUT IN BEHALF OF THOSE INTRESTS.
UNFORTUNATELY, THE CURRENT ORGANIZATIONAL FAULTS OF APCAC
RENDER IT VIETUALLY TONGUE-TIED. WHEN APCAC HAS LEARNED TO
VERBALIZE, IT WILL HELP US BUSINESS PLAY ITS PROPER ROLE IN
THE ADVANCEMENT OF US ECONOMIC INTREST AND INFLUENCE IN THE
ASIAN-PACIFIC AREA. UNTIL THEN, IT WILL NEED A LOT OF HELP
AND UNDERSTANDING FROM THE USG, AND PARTICULARLY THE
DEPARTMENT OF STATE.
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Message Attributes

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Disposition Authority: SmithRJ
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Disposition Event:
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